

**From:** Jamie Orourke [mailto:jporourke@comcast.net]  
**Sent:** Wednesday, February 13, 2013 2:11 PM  
**To:** Christopher Milazzo  
**Cc:** Sam Harwell; Jeff Kramer; grog5 Atamian  
**Subject:** BTT /TSC settlement

Chris - I am writing in response to your letter of February 11, 2013. As you know, we object to your assertion that we are in default of any agreements with TSC and/YvB. We will not, however, attempt to litigate the issues in these emails, but instead want to focus on a resolution of the issues. Below are our counterproposals:

**Option A: Termination of Agreements:**

1. TSC/YVB shall pay BTT \$100,000 at closing and a 5% royalty on net sales and 25% of licensing income from the line in perpetuity or the cash equivalent.
2. TSC/YvB shall purchase all BTT Sea Monkey's related inventory at cost for cash where is as is.
3. BTT shall turn over to TSC/YvB all tooling and fixtures where is as is.
4. BTT will provide reasonable assistance, at no out-of-pocket cost to BTT and only for up to 90 days, to assist transition of business to TSC or BTT's successor.
5. BTT shall be entitled to complete any WIP and a 120 day sell off period.
6. Mutual releases and other customary documentation.

**Option B: Modification of Existing Agreements:**

1. BTT would pay TSC/YvB a \$100,000 advance upon execution of the modification agreement.
2. BTT would pay a 10% royalty on net sales quarterly going forward with an annual minimum royalty of \$150,000 up to a cumulative total of \$3 million after which BTT would pay TSC/YvB a 5% royalty in perpetuity.
3. BTT is willing to consider a larger advance against future royalties for a commensurate reduction in future royalty payments.
4. All other terms and conditions of the "second phase" of current agreement would be in force including but not limited to creative control and pouch production.

I am prepared and available any time to work with you all in any way you see fit to bringing this to a mutually beneficial end.

Please feel free to call me with any questions or comments you may have.

Sincerely,

Jamie O'Rourke

J. P. O'Rourke

Sent from my iPhone

J P ORourke

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